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SUBJECT: 48TH MEETING OF THE INTERNATIONAL SCIENCE AND
TECHNOLOGY CENTER (ISTC) GOVERNING BOARD, MOSCOW

Classified By: ISN/CTR Director Matthias Mitman, Reasons 1.4 (b), (d)

SUMMARY

11. (SBU) Summary: The ISTC Governing Board's (GB) 48th meeting in Moscow on March 26 focused on transforming the Center to make it more relevant to changed global nonproliferation threats in a way that would maintain GoR support for the Center. Russian MFA and Rosatom officials argued that the Center's primary mission -- redirection of former Russian weapons scientists -- has been successfully completed and that member states now should draft a new or revised agreement reformulating ISTC objectives if the Center is to continue operating. The GoR officials also noted the ISTC's upcoming 15th Anniversary should emphasize that it has achieved its nonproliferation goals in Russia.

12. (SBU) In separate meetings with ISN/CTR Director Matthias Mitman and ESTcouns on the margins of the GB meeting, Russian Academy of Science (RAS) and RosAtom officials stressed the need to develop a new Russian legal framework for a transformed ISTC. The current ISTC charter was provisionally applied by Russian government decree in 1993, pending Duma ratification. Since this was designed to be a temporary solution to launch the ISTC, RAS and RosAtom officials signaled that the Russian MFA believes a new legal basis should be created as the ISTC moves beyond its original mission of scientist redirection in Russia. In the coming months, the U.S. will work with the GoR and other ISTC partners to develop and implement new strategies to transform the Center, including the possibility of amending the existing agreement. End Summary.

ISTC TRANSFORMATION

13. (U) The ISTC Governing Board (GB) held its 48th meeting in Moscow on March 26. The GB continued earlier discussions on transforming the Center into a more efficient and relevant organization for scientific cooperation, including on nonproliferation and counterterrorism issues. ISN/CTR Director Matthias Mitman and ISN/CTR Section Chief Kathryn Insley led Department participation.

14. (SBU) Echoing a theme heard before at meetings of the ISTC GB and of the Global Partnership (GP) Against the Spread of

Weapons and Materials of Mass Destruction, Russian representatives (MFA and Rosatom) at the GB meeting stressed that redirection of former weapons scientists, the primary nonproliferation goal incorporated in the 1993 Agreement establishing the ISTC, has been fully accomplished in Russia.

Accordingly, the existing Agreement -- which had never been ratified by the Duma but had been "provisionally applied" for the past 15 years on the basis of a Yeltsin decree -- should be amended to reflect this fact clearly. Russian officials stated that the old ISTC mission might still retain some relevance in so far as the lessons learned in Russia might now be applied to areas outside Russia where a proliferation risk still existed. One Russian suggestion was that the ISTC's mission be linked with that of the Global Partnership and that this be reflected in a new ISTC agreement.

15. (SBU) GB members acknowledged the success of the ISTC in accomplishing its original nonproliferation mission of scientist redirection in Russia. At the same time, the U.S. and several of the other Board members made the point that the ISTC continued to have an important role as a nexus of international nonproliferation cooperation and that any transformation of the ISTC should reflect this. These exchanges followed informal March 4-5 discussions on the same topics at U.S.-hosted working level meetings in Paris. (Note: Russia did not attend the Paris meetings.)

16. (C) The Russian Party agreed to submit a paper outlining its vision for a transformed ISTC at the upcoming ISTC Coordination Executive Committee meeting in Ottawa on May 5, and asked that other Parties submit their proposals as well. In margin discussions, other Russian officials invited the U.S. and others to come forward first with proposals to amend or replace the existing Agreement. (Comment: This likely reflects the GoR's inability to develop a unified position on the future of the ISTC. MFA and certain Rosatom officials apparently do not see a continued role for the ISTC, while others in Rosatom and the Russian Academy of Science would like it to evolve into a Center for international scientific collaboration along the lines of the U.S. perspective. End Comment.)

17. (SBU) In accordance with the decision of the GB on the question of ISTC transformation, the U.S. and other members will formulate interim proposals for the May 5 Coordination Executive Committee (CEC) meeting in Ottawa. The CEC discussions should provide a basis for decisions to be taken at the next GB July meeting in Minsk, with a view to having an amended ISTC agreement (or other agreed-upon mechanism to institute transformation principles) available for a possible high-level event commemorating the ISTC's 15th anniversary in December.

SUSTAINABILITY

18. (U) The GB noted "with satisfaction the progress made" in implementation of sustainability plans for several research institutes: Khlopin Radium Institute (St. Petersburg, Russia), Institute of Physics and Power Engineering (Obninsk, Russia), and the Institute of Nuclear Physics in the National Nuclear Center (Kazakhstan). The GB instructed the ISTC Secretariat to continue work on sustainability plans for: the Siberian Chemical Combine (Seversk, Russia), the former "Caustik" Pavlodar Chemical Plant (Kazakhstan), and the State Scientific Research Institute for Organic Chemistry and Technology and its Shikany branch. The GB also asked the Secretariat to look for funding possibilities for the Boreskov Institute of Catalysis (Novosibirsk, Russia) and the Institute of Immunological Engineering in Lyubachanniy. The GB reported that the Secretariat would begin preparing the next stage of the sustainability program, taking into account lessons learned and available budgetary means.

TAX ISSUES

¶9. (U) The Russian Ministry of Finance confirmed that grant recipients of ISTC funds will not be subject to taxation. It was also noted that Value Added Tax (VAT) payments for the first quarter of 2001 and for May 2007 had now been refunded to ISTC. The GB requested that the Secretariat continue to pursue with the Finance Ministry refund of other VAT paid 2001 - 2007.

CENTER PERSONNEL ISSUE

¶10. (U) The GB discussed one long-standing personnel issue at length, reviewing the ISTC staff member's allegations and complaints to the ISTC Secretariat and its member governments. As a result, the GB instructed the ISTC Executive Director to issue a letter to the staff member regarding the GB decision to affirm the suspension and subsequent actions by the ISTC Secretariat.

BILATERAL MEETINGS

¶11. (C) On March 27, RAS Vice President Nikolai Laverov told ISN/CTR Director Matthias Mitman and ESTcouns that RosAtom Deputy Spasskiy had recently sent a letter to President Medvedev and Prime Minister Putin about the ISTC. Laverov noted that some GoR officials had been concerned that ISTC activities had stimulated leakage of classified Russian information and had commercial aspects inconsistent with Russian intellectual property laws. Laverov stated, however, that Spasskiy's letter did not address these issues but rather the ISTC's legal foundation. Spasskiy apparently believes that, because the ISTC has accomplished its original mission, the 1993 Yeltsin decree to apply the ISTC treaty provisionally should not be used as a legal basis for a transformed Center.

¶12. (C) Laverov agreed that the Yeltsin decree remained valid and the ISTC could legally operate in Russia indefinitely, pending further GoR executive action or passage of a law by the Duma. Laverov suggested that the Duma should enact new legislation to harmonize the ISTC's charter with existing Russian laws passed since 1993. He did not underestimate the difficulty of this approach, and offered to support this approach with Duma members.

¶13. (C) In a separate March 27 meeting, RosAtom Senior Advisor Lev Ryabev told Mitman and ESTcouns that the current situation of the ISTC is as complicated as it was in 1992 and that finding a solution now would be equally difficult. Ryabev noted that the original ISTC charter was referred to as the "KGB Agreement" in honor of the three senior officials who made the Center possible (Russian FM Kozyrev, German FM Genscher, and SecState Baker.) (Comment: The implication was clear - we will need senior-level engagement by the parties to reach a compromise on the ISTC's future. End comment.)

¶14. (C) Ryabev suggested scrapping the language in the old ISTC charter, and suggested drafting a new document that would describe the parties' common interests in the Center and specify mechanisms for achieving them. He stressed that he did not object to including non-proliferation as an ISTC objective, but cautioned this could generate an adverse reaction from other GoR ministries. Ryabev proposed several cooperative S&T activities that he believed appropriate for a transformed ISTC, including research on detection of molecular nuclear particles and chemicals, non-proliferation consequences of the nuclear energy renaissance, security issues related to fast reactors using plutonium, reprocessing of spent fuel for generation IV fast reactors, and follow-on activities from the U.S.-Russia 123 Agreement and the Global Initiative to Combat Nuclear Terrorism. He noted that many of the redirected Russian weapons scientists are now approaching retirement age and that the ISTC should focus on engaging younger scientists, including those working in the

non-government sector who have WMD-applicable knowledge.

¶15. (C) Ryabev underlined that a written document would be required for transforming the ISTC, although he did not respond to inquiries for more specifics. He noted that, although the ISTC has many GoR stakeholders, the Russian MFA will play the most important role. That said, he lamented that the internal reorganization within the MFA has hampered efforts to forge an interagency policy on the ISTC's future and that MFA Deputy Minister Ryabkov had yet to signal a clear MFA position.

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